



## Stanford eCorner

### The Benefit of Picking the Right VC

Marc Fleury, *Accel Partners and JBoss*

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Fleury believes the relationship between VC and entrepreneur is very important. Therefore, it is essential to pick the right VC, he says. He offers a few pointers on how to find the VC that is right for you.



#### Transcript

This can be a great thing or they can be, I mean I've heard stories of horrible VC stories, right? Everybody has. For me personally VCs have been an excellent experience in the person of Peter who's been a great presence on the West Coast, making introductions. Our East Coast VC David Scott from Matrix who had a lot of experience in our field. In fact he was the next competitor of mine and when he heard about the deal, he had founded bluestone, when he heard about the deal he wanted to invest. So getting the right VCs and just like Peter says, you know, they invest in people as well as in business. You as an entrepreneur you should do the same choice. You pick people. And I insist on the pick it may sound arrogant but I view the VC business as a service business to entrepreneurs just like you go see accountants, just like you go see lawyers. Just like you hire professional management. VCs are service business.

And what service do they offer. Obviously the cash at a high risk. That's their definition of venture capital but more than that, they'll offer intangibles that become very real trust me. They will offer you, in my case they offered me a lot of coaching. For example, I'd never done this, David I'd done this in spades and just the coaching day to day is immensely valuable. The networking, Peter for example who knows Silicon Valley a lot and introduction with the SVs very valuable. And more importantly, you know, they give you that credibility to go on higher, the executive talent that trust me, trust me on that is needed in order to build value in your company. And the keyword is this building value in companies. I think the right VC can help you build value in your company. That may sound a bit obscure but trust me it's very real for us to this date.

It means that we started this five years ago, three years ago, it's making enough money to not have to go get a job so this was my business and we're all making money, we're happy but we're not yet building value in the company. We're just dividing salaries all of us. VCs bring that focus on what's called the liquidity, meaning how are we going to make money with this? That I think is very valuable if you know how to manage it. And part of knowing how to manage it is don't go see them when you need them. That sounds kind of intuitive but VCs are drug dealers and their drug is heroine. And they'll give you heroine and you'll go like, ooh feels good my companies good. And all of a sudden you'd go withdrawal with no money. And that's when the hard reality of the VC business hits you. That's when you lose, you know, maybe a lot of ownership in your company. 1 Whereas if you go see them, not just for the money but you say, I have a profitable business but I need help take me to the next level.

That's what these people do. That's what they know and that's where they can help. But also your business is viable so you don't absolutely, definitely need them. You have your choice. That's a much better situation to approach them than when you're

just going through withdrawal and you're going to die and you fix it right now.